

GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN

FINANCIAL STATEMENTS
For The Year Ended March 31, 2008

GENEVA TOWNSHIP
BOARD OF TRUSTEES

Gordon Berthume	Supervisor
Katherine Sullivan	Clerk
Joseph Grabowski	Treasurer
James Haller	Trustee
Carol Middleton	Trustee

TOWNSHIP POPULATION-2000
1,137

STATE EQUALIZED VALUATION-2007
\$36,446,868

STATE TAXABLE VALUE-2007
\$25,699,913

**GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN**

**AUDITED FINANCIAL STATEMENTS
MARCH 31, 2008**

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Independent Auditors' Report

Members of the Township
Board of Trustees
Geneva Township
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Geneva Township (the "Township"), Midland County, Michigan, as of and for the year ended March 31, 2008 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Geneva Township, Midland County, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 7, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as of March 31, 2008.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 18 through 20, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Midland, Michigan
December 31, 2008

**Geneva Township
Midland County**

Management's Discussion and Analysis

As the Township Board of Geneva Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Geneva Township for the fiscal year ended March 31, 2008.

Financial Highlights

The financial status remained stable over the last year. The assets of Geneva Township exceeded its liabilities at the close of the fiscal year by \$288,502.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Geneva Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the Township's finances. Statement of net assets presents information on all of the Township's assets and liabilities and the statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year.

Geneva Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Geneva Township maintains three individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund and solid waste fund, which are considered to be major funds. Geneva Township also has a Road Millage fund. This fund is separate from the General Fund. The millage monies are transferred to General Fund to pay the Road Commission.

The Township adopts annual appropriated budgets for its governmental funds. Total appropriations are authorized for each cost center, and the Township may make transfers between the various line items contained in the cost center appropriation. However, no transfer of appropriation for line items related to personnel or capital outlays may be made without prior board approval by budget amendment.

Geneva Township maintains one fiduciary fund, the Tax Collection fund. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

Financial Analysis of the Township as a Whole

The Township's cash position remains stable.

Financial Analysis of the Township's Funds

The Township's General Fund pays for most of the Township's governmental services with total expenditures of \$232,856 (includes Road Funds). Solid Waste Fund paid \$54,981 for landfill and hauling of solid waste for year ending March 31, 2008. Solid Waste revenue for same time period was \$63,194.

Capital Asset and Long-Term Debt Activity

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$2,520 of principal on long-term debt.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2008-2009 fiscal year. The Township budgeted for a decrease in state-shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. The Township's millage rate went from 1.2388 to 1.2084 for 2008/09. Road millage went from .9906 to .9663. These factors were used in preparing the Township's budget for the 2008/2009 fiscal year.

Request for Information

This financial report is designed to provide a general overview of Geneva Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Supervisor of Geneva Township, 3383 W. Grant Street, Coleman, MI 48618, or phone (989) 465-6668.

GENEVA TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

ASSETS

Cash and cash equivalents	\$ 234,384
Taxes receivable - current	17,159
Other receivables	4,560
Prepaid expenses	5,040
Capital assets:	
Land	1,600
Buildings and improvements, net	53,020
Township equipment, net	400
Total capital assets	<u>55,020</u>
Total assets	<u>316,163</u>

LIABILITIES

Accounts payable	22,171
Accrued expenses	450
Current portion of note payable	2,520
Note payable - long term portion	<u>2,520</u>
Total liabilities	<u>27,661</u>

NET ASSETS

Invested in capital assets	55,020
Restricted for:	
Road repair and maintenance	32,688
Rubbish removal	123,158
Unrestricted	<u>77,636</u>
Total net assets	<u>\$ 288,502</u>

The accompanying notes are an integral part of these financial statements.

GENEVA TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2008

Activities:	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government:					
Township board	\$ 20,066	\$ -	\$ -	\$ -	\$ (20,066)
Supervisor	12,941	-	-	-	(12,941)
Treasurer	11,847	-	-	-	(11,847)
Planning and zoning	2,134	-	-	-	(2,134)
Clerk	10,707	-	-	-	(10,707)
Elections	1,714	-	-	-	(1,714)
Building, electrical & mechanical inspections	7,516	-	-	-	(7,516)
Buildings and grounds	16,588	-	-	-	(16,588)
All other general government	2,799	-	-	-	(2,799)
Fire protection	31,759	-	-	-	(31,759)
Roads and drains	32,217	-	-	-	(32,217)
Sanitation	54,981	-	-	-	(54,981)
Library contract	27,386	-	-	-	(27,386)
Debt service	287	-	-	-	(287)
Interest and fiscal charges	-	-	-	-	-
Total governmental activities	\$ 232,942	\$ -	\$ -	\$ -	(232,942)
General revenues:					
Property taxes, levied for general purposes					61,590
Property taxes, levied for road maintenance					25,193
Property taxes, levied for rubbish removal					62,599
State revenue sharing					87,957
Interest earnings					2,279
Miscellaneous					12,695
Total general revenues					252,313
Change in net assets					19,371
Net assets-beginning					269,131
Net assets-ending					\$ 288,502

The accompanying notes are an integral part of these financial statements.

GENEVA TOWNSHIP
GOVERNMENTAL FUNDS BALANCE SHEET
March 31, 2008

	General Fund	Road Fund	Solid Waste Fund	Total
ASSETS				
Cash and cash equivalents	\$ 86,081	\$ 30,099	\$ 118,204	\$ 234,384
Taxes receivable, net	6,487	2,589	8,083	17,159
Due from other township funds	725	-	3,835	4,560
Total assets	\$ 93,293	\$ 32,688	\$ 130,122	\$ 256,103
LIABILITIES				
Accounts Payable	\$ 15,207	\$ -	\$ 6,964	\$ 22,171
Accrued Expenses	450	-	-	450
Total liabilities	15,657	-	6,964	22,621
FUND BALANCES				
Fund balances:				
Unreserved and undesignated	77,636	32,688	123,158	233,482
Total fund balances	77,636	32,688	123,158	233,482
Total liabilities and fund balances	\$ 93,293	\$ 32,688	\$ 130,122	\$ 256,103

The accompanying notes are an integral part of these financial statements.

GENEVA TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
March 31, 2008

Total fund balances for governmental funds (Exhibit 3)	\$ 233,482
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Total net assets reported for governmental activities in the statement of net assets is different because:

Certain prepaid expenses, associated with notes payable, are not applicable and therefore are not recorded in the funds	5,040
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	1,600	
Buildings and improvements, net of \$41,969 accumulated depreciation		53,020	
Township equipment, net of \$1,268 accumulated depreciation		400	
Total capital assets			55,020

Notes payable applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities	(5,040)
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Total net assets of governmental activities (Exhibit 1)	\$ 288,502
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The accompanying notes are an integral part of these financial statements.

GENEVA TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES
For the Year Ended March 31, 2008

	General Fund	Road Fund	Solid Waste Fund	Total
REVENUES				
Property taxes	\$ 61,590	\$ 25,193	\$ 62,599	\$ 149,382
State aid	87,957	-	-	87,957
Interest and dividends	1,684	-	595	2,279
Rents and royalties	9,511	-	-	9,511
Miscellaneous	3,184	-	-	3,184
Total revenues	163,926	25,193	63,194	252,313
EXPENDITURES				
General government	83,706	-	-	83,706
Public safety	31,759	-	-	31,759
Public works	1,825	30,392	54,981	87,198
Recreation and culture	27,386	-	-	27,386
Principal debt payments	2,520	-	-	2,520
Interest debt payments	287	-	-	287
Total expenditures	147,483	30,392	54,981	232,856
Net change in fund balances	16,443	(5,199)	8,213	19,457
Fund balances-beginning	61,193	37,887	114,945	214,025
Fund balances-ending	\$ 77,636	\$ 32,688	\$ 123,158	\$ 233,482

The accompanying notes are an integral part of these financial statements.

**GENEVA TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2008**

Net change in fund balances - total governmental funds (Exhibit 4)	\$ 19,457
The change in net assets reported for governmental activities in the statement of activities is different because:	
Repayment of principal on a note payable is an expenditure in the governmental funds but reduces the liability in the statement of net assets	2,520
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$-0-) was less than depreciation (\$2,606) in the current period.	<u>(2,606)</u>
Change in net assets of governmental activities (Exhibit 2)	<u><u>\$ 19,371</u></u>

The accompanying notes are an integral part of these financial statements.

GENEVA TOWNSHIP
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
CURRENT TAX FUND
March 31, 2008

ASSETS

Cash and cash equivalents	\$ 4,560
Total assets	<u>4,560</u>

LIABILITIES

Due to other funds	<u>4,560</u>
Total liabilities	<u>4,560</u>

NET ASSETS

<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units.

Jointly Governed Organization's

Area Fire Department – Geneva Township, Warren Township, Denver Township, Wiss Township and the City of Coleman participate jointly in the Coleman Area Fire Department to provide fire protection to the entire area of the governmental entities. The District is financed each year on a proportional basis for each participating governmental unit based upon their respective state equalized valuation and population.

Library – Geneva Township, Warren Township, and the City of Coleman participate jointly in the Coleman Area Library. The funding of the library comes from the State of Michigan, penal fines and millage assessments of the local unit members

Building Board – Geneva Township, Warren Township, and the City of Coleman participate jointly in the operation of the Coleman Area Building Board. The Building Board issues all building permits for the three local units involved and collects and disburses permit fees. Standard rates are charged for permit fees based on the type of work performed.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Midland County, which advances the Township 100% for the delinquent taxes.

The 2008 taxable valuation of the Township totaled \$25.7 million, on which ad valorem taxes levied consisted of 1.2388 mills for Township operating purposes, and .9906 mills for road repair and maintenance. These amounts are recognized in the General Fund as current tax revenue.

The government reports the following major funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Solid Waste Fund accounts for providing garbage and rubbish collection financed by an annual special assessment.

The Road Fund accounts for the repair and maintenance of roads within the Township.

The Current Tax Collection Fund is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

**GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as due to/from other funds. "Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds."

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets-Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	25 to 40 years
Building improvements	20 to 40 years
Furniture and equipment	5 to 10 years

Long-Term Obligations-In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets (Continued)

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department or activity, and line items. The legal level of budgetary control adopted by the governing body is the department or activity level.

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budgeted Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund – Fire Protection	\$ 30,627	\$ 31,759

NOTE 3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers acceptances of United States banks' commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

**GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2008**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents	\$ 234,384	\$ 4,560	\$ 238,944
	<hr/>	<hr/>	<hr/>

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings, certificate of deposit)	<u>\$ 238,944</u>
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The bank balance of the government deposits is \$238,944 of which \$128,468 is covered by federal deposit insurance.

The Township's investments are categorized as risk category 1, which gives an indication of the level of risk assumed by the entity. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

Investment and Deposit Risk

Custodial Credit Risk – Deposits-Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the Township had \$110,476 of bank deposits (checking, savings, and certificate of deposit accounts) that were potentially uninsured and uncollateralized.

Custodial Credit Risk – Investments-For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, that the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest Rate Risk-Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments.

**GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2008**

NOTE 4. CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,600</u>
Capital Assets Being Depreciated				
Buildings and improvements	94,989	-	-	94,989
Furniture and equipment	<u>1,668</u>	<u>-</u>	<u>-</u>	<u>1,668</u>
Subtotal	<u>96,657</u>	<u>-</u>	<u>-</u>	<u>96,657</u>
Less Accumulated Depreciation for				
Buildings and improvements	39,563	2,406	-	41,969
Furniture and equipment	<u>1,068</u>	<u>200</u>	<u>-</u>	<u>1,268</u>
Subtotal	<u>40,631</u>	<u>2,606</u>	<u>-</u>	<u>43,237</u>
Net Capital Assets Being Depreciated	<u>56,026</u>	<u>(2,606)</u>	<u>-</u>	<u>53,420</u>
Governmental Activities Capital Assets-Net of Depreciation	<u>\$ 57,626</u>	<u>\$ 2,606</u>	<u>\$ -</u>	<u>\$ 55,020</u>

Depreciation expense was charged to programs of the Township as follows:

Buildings and grounds	\$ 2,406
All other general government	<u>200</u>
	<u>\$ 2,606</u>

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

The amount of inter-fund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 725	Tax	
Solid Waste	<u>3,835</u>	Collection	\$ 4,560
Total	<u>\$ 4,560</u>		<u>\$ 4,560</u>

The outstanding balances between funds results mainly from the time lag in collecting tax monies in the tax fund and its final distribution to the respective allocated funds.

**GENEVA TOWNSHIP
MIDLAND COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2008**

NOTE 6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation). The Township has purchased commercial insurance for these types of claims. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

NOTE 7. LONG-TERM DEBT

The general long-term debt of Geneva Township as of March 31, 2008, is as follows:

During the year ended March 31, 2008, the Township was obligated for a portion of the drain-at-large construction work on Custer Road. The Township's total cost was \$12,600 with annual payments of \$2,520 plus interest.

The annual long-term debt requirement of Geneva Township is as follows:

Custer #226

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
3-31-09	3.80%	\$ 2,520	\$ 191	\$ 2,711
3-31-10	3.80%	2,520	95	2,615
		<u>\$ 5,040</u>	<u>\$ 286</u>	<u>\$ 5,326</u>

NOTE 8. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

As of and for the year ended March 31, 2008, the Township implemented GASB Statement Number 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The more significant changes required by the standard include a Management Discussion and Analysis; government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting; fund financial statements, consisting of a series of statements that focus on a governments' major funds; and schedules to reconcile the fund financial statements to the government-wide financial statements.

GENEVA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes and related fees	\$ 62,090	\$ 62,090	\$ 61,590	\$ (500)
State aid	80,035	80,035	87,957	7,922
Interest and dividends	1,000	1,000	1,684	684
Rents and royalties	11,591	11,591	9,511	(2,080)
Miscellaneous	7,648	9,000	3,184	(5,816)
Total revenues	162,364	163,716	163,926	210
EXPENDITURES				
General Government:				
Township board	19,723	21,000	20,066	934
Supervisor	16,676	16,676	12,941	3,735
Treasurer	13,093	13,093	11,847	1,246
Planning and zoning	4,800	4,800	2,134	2,666
Clerk	13,393	13,393	10,707	2,686
Elections	2,200	2,200	1,714	486
Building, electrical & mechanical inspections	6,335	7,600	7,516	84
Buildings and grounds	18,900	18,900	14,182	4,718
All other general government	2,600	2,600	2,599	1
Public Safety:				
Fire protection contract	30,627	30,627	31,759	(1,132)
Public Works:				
Roads and drains	2,000	2,000	1,825	175
Recreation and Culture:				
Library contract	28,000	28,000	27,386	614
Debt Service:				
Principal payments	2,520	2,520	2,520	-
Interest payments	290	290	287	3
Total expenditures	161,157	163,699	147,483	16,216
Net change in fund balances	1,207	17	16,443	(16,006)
Fund balances-beginning	61,193	61,193	61,193	-
Fund balances-ending	\$ 62,400	\$ 61,210	\$ 77,636	\$ (16,006)

GENEVA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes and related fees	\$ 24,000	\$ 24,000	\$ 25,193	\$ 1,193
Total revenues	24,000	24,000	25,193	1,193
EXPENDITURES				
Public Works:				
Roads and drains	35,000	35,000	30,392	4,608
Total expenditures	35,000	35,000	30,392	4,608
Net change in fund balances	(11,000)	(11,000)	(5,199)	5,801
Fund balances-beginning	37,887	37,887	37,887	-
Fund balances-ending	\$ 26,887	\$ 26,887	\$ 32,688	\$ 5,801

GENEVA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE FUND
For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes and related fees	\$ 67,725	\$ 67,725	\$ 62,599	\$ (5,126)
Interest and dividends	550	550	595	45
Total revenues	68,275	68,275	63,194	(5,081)
EXPENDITURES				
Public Works:				
Sanitation	55,000	55,000	54,981	19
Total expenditures	55,000	55,000	54,981	19
Net change in fund balances	13,275	13,275	8,213	(5,062)
Fund balances-beginning	114,945	114,945	114,945	-
Fund balances-ending	\$ 128,220	\$ 128,220	\$ 123,158	\$ (5,062)

December 31, 2008

Members of the Township
Board of Trustees
Geneva Township
Midland County, Michigan

Dear Board Members:

In planning and performing our audit of the financial statements of Geneva Township (the "Township") for the year ended March 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

SIGNIFICANT DEFICIENCIES

Financial Accounting and Reporting

Management relies on the Township's auditors to ensure the financial statements conform to generally accepted accounting principles ("GAAP"). Therefore, as a part of our engagement to audit the financial statements, we draft the financial statements and the related footnotes for

Financial Accounting and Reporting (Continued)

approval by management and the finance committee of the board of directors. This is a conscious and practical approach to preparing the financial statements since the Township has determined that the costs to established internal controls over financial reporting and to develop the skills and knowledge of its personnel to apply generally accepted accounting principles in preparing the financial statements is greater than the risk of misstatements occurring in the financial statements. However, as a result of recently issued professional auditing standards, this situation meets the definition of a significant deficiency and a material weakness in internal control.

The interim financial statements and management reports are generally prepared on a comprehensive basis of accounting other than generally accepted accounting principles, i.e. the modified accrual basis. It appears that the interim financial reports received by management are appropriate in form and content thereby allowing management to make appropriate decisions regarding financial matters. Therefore, the control weakness over preparation of financial statements in conformity with GAAP is not a significant requirement of management.

We considered this internal control deficiency in planning the scope of our audit procedures and believe that we have appropriately addressed the risk of any misstatements in the audited financial statements. Therefore, due to the relative cost to eliminate the internal control deficiency over financial reporting in conformity with GAAP related to the risks involved and considering the audit procedures performed to address the risk of misstatements in the audited financial statements, we do not recommend any actions to address this weakness at this time. However, we do recommend that management routinely review the internal controls in place to prepare the interim financial reports to ensure accurate information is provided in those reports.

MANAGEMENT COMMENTS

Financial Oversight

The general limitations in any smaller organization like the Geneva Township require that the Township Board of Trustees continue to remain involved in the financial affairs of the Township through oversight of operation, development of the annual budget, inquiries about variance between budgeted and actual amounts shown in the interim financial statements, and the independent review of critical functions. Based on inquiries, the Township Board of Trustees perform these duties and our comment here is intended to emphasize the importance of its oversight.

Geneva Township
December 31, 2008
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This report is intended for the information of the members of the Geneva Township Board, management and the State of Michigan.

This communication is intended solely for the information and use of management, Geneva Township Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Mark A. Burnside", followed by a stylized date "12/31/08".

BURNSIDE & LANG, P.C.